



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
BOONE COUNTY SHERIFF**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Gary W. Moore, Boone County Judge/Executive
Honorable Michael A. Helmig, Boone County Sheriff
Members of the Boone County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Boone County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Gary W. Moore, Boone County Judge/Executive
Honorable Michael A. Helmig, Boone County Sheriff
Members of the Boone County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated May 8, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 8, 2000

BOONE COUNTY
MICHAEL A. HELMIG, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

Federal Grants		\$	140,753
Federal Fees For Services:			
Department of Justice			7,610
State Fees For Services:			
Finance and Administration Cabinet	\$	35,639	
Return of Fugitive		40,957	
Justice Cabinet		76,046	
Cabinet For Human Resources		<u>658</u>	153,300
Circuit Court Clerk:			
Sheriff Security Service	\$	74,303	
Fines and Fees Collected		15,065	
Court Ordered Payments		<u>1,084</u>	90,452
County Clerk - Delinquent Taxes			5,193
Commission On Taxes Collected			1,545,630
Fees Collected For Services:			
Auto Inspections	\$	65,300	
Accident and Police Reports		37	
Impounds		330	
Serving Papers		<u>69,330</u>	134,997
Other:			
Carrying Concealed Deadly Weapon Permits	\$	19,425	
Advertising		10,084	
Bond Refund		396	
Insurance Reimbursement		5,771	
Late Tax and Penalty Fees		133,232	
Miscellaneous		<u>4,012</u>	172,920
Interest Earned			47,000

BOONE COUNTY
MICHAEL A. HELMIG, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1999
(Continued)

Receipts (Continued)

Borrowed Money:

State Advancement	\$	300,000	
Fiscal Court Advance		213,114	
Bank Note		178,300	\$ 691,414

Gross Receipts \$ 2,989,269

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Gross Salaries	\$	1,005,800	
Part-Time Gross Salaries		71,562	
Clerks' Gross Salaries		100,412	
School Resource Officers Salaries		35,561	\$ 1,213,335

Employee Benefits-

Employer's Share Social Security	\$	90,850	
Employer's Share Retirement		7,285	
Employer's Share Hazardous Duty Retirement		181,323	
Employer Paid Health Insurance		143,946	
Unemployment Insurance		3,251	426,655

Contracted Services-

Advertising	\$	7,733	
Attorney Retainer		3,600	11,333

Materials and Supplies-

Office Materials and Supplies	\$	12,372	
Uniforms and Equipment		81,469	
Deputies Expenses		4,582	
Data Processing		4,323	102,746

Auto Expense-

Gasoline	\$	37,612	
Maintenance and Repairs		23,920	61,532

MICHAEL A. HELMIG, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Other Charges-

Dues	\$	3,665	
Postage		10,508	
Carrying Concealed Deadly Weapon Permits		10,915	
Transporting Prisoners		37,909	
Jury Meals		778	
Testing Expense		<u>2,532</u>	\$ 66,307

Debt Service:

State Advancement	\$	300,000	
Repayment of Fiscal Court Advance		213,114	
Notes		178,300	
Interest		<u>3,129</u>	<u>694,543</u>

Total Disbursements			<u>\$ 2,576,451</u>
Net Receipts			\$ 412,818
Less: Statutory Maximum			<u>68,843</u>
Excess Fees Due County for Calendar Year 1999			\$ 343,975
Payments to County Treasurer - January 14, 2000			<u>343,975</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with securities held by the Sheriff's agent in the Sheriff's name.

Note 4. Additional Bank Accounts of Boone County Sheriff

- A. Informant Account – This account consists of money obtained through drug forfeitures and seizures. There was no activity in this account during calendar year 1999, and balance as of December 31, 1999 was \$14.
- B. Equipment Account – This account consists of money received from Sheriff's sales and court judgements. This money is to be used for the purchase of equipment. During calendar year 1999, the account had a beginning balance of \$2,217, receipts of \$14,769, expenditures of \$16,781, and a balance as of December 31, 1999 of \$205.
- C. Federal Shared Proceeds Account – This account consists of money received from the Federal Government for various court cases. It is to be used for employee training. During the calendar year 1999, the account had a beginning balance of \$2,222, receipts of \$1,383, expenditures of \$3,503, and a balance as of December 31, 1999 of \$102.
- D. Federal Forfeitures Account – This was a new account set up by the Sheriff in calendar year 1999 and consists of money received from the Federal Government for various court cases involving one Sheriff's deputy working for the DEA. The account is used for the purchase of equipment and employee training. During the calendar year 1999, the account had receipts of \$18,027, expenditures of \$17,651, and a balance on December 31, 1999 of \$376.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Gary W. Moore, Boone County Judge/Executive
Honorable Michael A. Helmig, Boone County Sheriff
Members of the Boone County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the Boone County Sheriff as of December 31, 1999, and have issued our report thereon dated May 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Boone County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boone County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Gary W. Moore, Boone County Judge/Executive
Honorable Michael A. Helmig, Boone County Sheriff
Members of the Boone County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 8, 2000

